

Full TUC Pensioners Committee Meeting 24th April 2018.

The Committee met on the 24th April and received a number of reports which are listed below.

1. Walker Case Update .Equal Pension Rights for Same Sex Couples April 2018 update.

There have been developments on the issue of equal pension rights for same-sex couples. This follows the July 2017 Supreme Court 'Walker' decision that Mr Walker faced unlawful discrimination that should he die before his husband, the husband would be entitled to a pension less than that which would have been received by an opposite sex widow.

Currently opposite sex widows in the Teachers' Pension Scheme get an automatic survivor pension based on their husband's service from 1 April 1972 onwards, compared to 6 April 1988 for same sex and opposite sex widowers.

The DFE has set out its proposed course of action in the. Provision would be equalised for all civil partners and same sex widows and widowers from 1 April 1972 onwards. This ignores male widowers of female teachers, where automatic provision would remain from 6 April 1988 onwards.

2. The Impact of Changes to the Triple Lock.

The committee received a comprehensive report from the Pensions Policy Institute. A copy of this report can be found at www.pensionspolicyinstitute.org.uk/publications/reports.

The report states that the triple lock indexation provides the most adequate basic level of income, when compared to other indexation scenarios. Assuming that the poverty line grows with earnings, by 2050 the proportion of pensioners in poverty(under 60% of the median UK income)under a double lock could be around 1% higher, (around 200,000 pensioners more)and under earnings link could be around 4% higher. When compared with the triple lock.

How would removal of the State Pension triple lock affect adequacy?

In 2011, the Coalition Government introduced the "triple lock" mechanism which uprates the new State Pension (nSP) and the basic State Pension (bSP) every year by the greater of the rise in earnings, the rise in the Consumer Price Index (CPI) or 2.5%. There have been concerns about the sustainability of the triple lock and calls for it to be replaced, though the Government has committed to retaining the triple lock during the current Parliament. Removal of the triple lock would decrease the cost of providing State Pensions, however it would also have implications for pensioner poverty and the amount spent on other means-tested benefits such as Housing Benefit, caring credits and disability premiums.

3. OECD How does the United Kingdom Compare? Pensions at a glance.

The key findings.

- Current levels of poverty of those aged 75 and over are 18% compared to 11% among the whole population, and just over 10% for the age group 66-75. Women are most affected by old age poverty.

- Net replacement rates for future retirees from mandatory part of pensions systems will be the lowest of any OECD country, full career average earnings can expect 29%, compared to an OECD average of 63%. Low earners (50% average) will have a replacement rate of 52% but this is still very low in OECD comparison, only Mexico and Poland have lower rates for lower earners.
- Private pensions could help fill the gap, adding around 30 percentage points to the net replacement rate with a full career of coverage.

4. **Pension's White paper. What measures are contained in the White Paper?**

The Pensions Regulator will have more powers to punish bosses who put their pension scheme at risk.

Impact: This might punish the worst offenders and perhaps deter those who are considering some dodgy dealings. But expect cases to get snarled up in the courts. And for there to be little practical impact on the outcomes for scheme members.

A revised scheme funding code.

Impact: This would be positive if it gave schemes more scope to take account of likely long-term returns on assets. More likely is greater conservatism and control of schemes' investment strategies by the Pensions Regulator.

Requiring trustees to appoint a Chair who will have to submit a chair's statement with the scheme's valuation.

Impact: a broadly positive move as long as it doesn't deter lay trustees from taking on the role.

Exploring consolidation of pension schemes, including allowing employers to detach themselves from their schemes and place them in so-called superfunds.

Impact: While consolidation could cut costs, there are important missing ingredients from the current picture. These include proposals to gain members' consent for such transfers, member representation in scheme governance, and rules to ensure that members cannot face benefit cuts in bad times while scheme providers profit in good times.

What is not included?

The government has resisted employer lobbying to give them the power to cut rises on past pension service.

Impact: Some bosses had sought the right to cut inflation uprating on pensions to Consumer Prices Index inflation, even if higher indexation was specified in scheme rules. This decision ensures firms cannot transfer money from pension scheme members to shareholders.

No proposals to make life easier for open DB schemes.

Impact: One of the greatest challenges working people face is saving enough for retirement. Most defined benefit pensions provide security. But many employers are balking at increased contributions due to pension deficits inflated by currently rock-bottom bond yields. Nothing was announced today that will encourage employers to keep schemes open.

Nothing is proposed to improve benefit pay-outs from the Pension Protection Fund.

Impact: Members, especially those not yet retired; lose out on some benefits if a scheme enters the PPF. Their headline benefits are cut and inflation uprating is often lower. Giving the PPF the goal of raising pay-outs could improve member benefits and improve the confidence of affected members.

5. Fixing the Retirement Lottery.

The TUC held a one day conference on the 27th February 2018. A full report on this conference was submitted to the Committee

A copy of this report can be found on the internet at TUC Fixing the Retirement. I attended this conference and have produced a report to my branch; this is available at .cwuse5.org.uk, retired member's web page, or on request from, roddowning@btinternet.com

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